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FM AMEMBASSY DAKAR
TO RUEHC/SECSTATE WASHDC PRIORITY 4516
INFO RUEATRS/DEPT OF TREASURY WASHDC
RUEHZK/ECOWAS COLLECTIVE
RUEHBR/AMEMBASSY BRASILIA 0161
RUEHLC/AMEMBASSY LIBREVILLE 0855
RUEHLI/AMEMBASSY LISBON 0710
RUEHLU/AMEMBASSY LUANDA 0364
RUEHTO/AMEMBASSY MAPUTO 0397

UNCLAS DAKAR 000605

SIPDIS

SIPDIS

DEPT FOR AF/EPS, EB/TPP/BTA, DRL/PHD, INR/AA AND AF/W
AID/W FOR AFR/WA
TREASURY FOR SONIA RENANDO
ACCRA FOR USAID/WARP
PARIS FOR POL - D'ELIA
PARIS PLS PASS USOECD

E.O. 12958: N/A

TAGS: [ETRD](#) [ECON](#) [PHUM](#) [PU](#)

SUBJECT: GUINEA-BISSAU: INPUT FOR 2006 PRESIDENT'S REPORT
ON AGOA

REF: STATE 026707

11. Below is Embassy Dakar's submission for the 2006
President's Report on the African Growth and Opportunity
Act (AGOA) for Guinea-Bissau.

Begin text:

Status: AGOA eligible.

AGOA Trade and Investment: In 2005 Guinea-Bissau did not
export under AGOA and its GSP provisions, though its total
exports to the United States reached USD 2 million.

Market Economy/Economic Reform/Elimination of Trade
Barriers: The Government supports continued transition to
a market economy. It no longer dominates the commercial
sector and has abolished state marketing boards,
privatized some companies and ended price controls.
Restrictions on foreign operators in the cashew production
sector were lifted in 2004.

Rule of Law/Political Pluralism/Anti-Corruption:
Presidential elections in June and July 2005 led to a
peaceful transfer of power to Joao Bernardo "Nino" Vieira.
Shortly after his inauguration, President Vieira replaced
Prime Minister Carlos Gomes Junior of the African Party
for the Independence of Guinea-Bissau and Cape Verde
(PAIGC), the largest party in the National Popular
Assembly, with Aristides Gomes. The PAIGC leadership
cried foul on constitutional grounds and took the case to
the Supreme Court, which sided with Vieira. The national
court system continues to function, albeit with serious
resource constraints. The Government launched a campaign
against public corruption and arrested the director of the
state Electric and Water Company, sentenced the former
director of the Institute of Assistance to Emigrants to
three years in prison, and is investigating other cases of
corruption under the Kumba Yala regime. Customs receipts
are placed directly into a treasury account; fuel import
duties are collected at one controlled port of entry; and
the Ministry of Finance must clear on all disbursements to
ministries and public bodies. To increase transparency
and gain donor confidence, the GOGB allows the UNDP and
donors to participate in the Treasury Committee, which

implements the day-to-day fiscal management on the basis of a strict cash rationing system.

Poverty Reduction: Guinea-Bissau is finalizing its National Poverty Reduction Strategy paper (DENARP), which is expected to become the basis of the medium-term economic and social policies. In cooperation with UNDP, the GOGB will seek donor assistance in implementing these policies at a round table conference planned for 2006. International financial institutions sent delegations to Guinea-Bissau in early 2006 to assess the stability of the Government as a precursor to reopening broader assistance efforts.

Labor/Child Labor: The constitution grants all civilian workers the right to form and join trade unions. The right to strike and protection against retribution is guaranteed. Guinea-Bissau has not ratified Convention 182 on the worst forms of child labor. Guinea Bissau lacks the pool of skilled labor required for increased exports of certain skill-intensive products. The lack of educated workers also discourages investment in the country.

End text.

JACKSON